

37 Am. Jur. 2d Fraud and Deceit § 124

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Fraud and Deceit

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IV. False Representations

F. Intent to Deceive, or to Induce Reliance; Knowledge of Falsity

3. Particular Kinds of Representations, Transactions, Relief, etc.

a. Representations; Concealment

§ 124. Representations by disinterested persons

[Topic Summary](#) | [Correlation Table](#) | [References](#)

West's Key Number Digest

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[Misrepresentations as to financial condition or credit of third person as actionable by one extending credit in reliance thereon, 32 A.L.R.2d 184](#)

The rule that one is not guilty of fraud that will sustain an action of deceit if the person does not know that the person's statements are false, and honestly intends to tell the truth,¹ is particularly applicable to representations made by third persons who have no interest in the transaction to which the representations relate.² However, even though a disinterested third person is not bound to answer inquiries made of him or her, if the person does so or volunteers information, the person is bound not to make a fraudulent representation, and the person must not intentionally mislead.³ One who is disinterested in a transaction induced by his or her misrepresentations becomes liable in damages where the representations were made with knowledge of their falsity and with the intent to deceive the person who acted upon them.⁴ That false information is given gratuitously as a business courtesy does not preclude liability.⁵

Footnotes

1 §§ 119 to 123.

2 *Lord v. Goddard*, 54 U.S. 198, 13 How. 198, 14 L. Ed. 111, 1851 WL 6691 (1851); *Nash v. Minnesota Title*
2 *Insurance & Trust Co.*, 163 Mass. 574, 40 N.E. 1039 (1895).

3 *Nash v. Minnesota Title Insurance & Trust Co.*, 163 Mass. 574, 40 N.E. 1039 (1895); *Tischer v. Bardin*,
3 155 Minn. 361, 194 N.W. 3 (1923).

4 *Nash v. Minnesota Title Insurance & Trust Co.*, 163 Mass. 574, 40 N.E. 1039 (1895).

5 *First Trust & Sav. Bank of Zanesville, Ohio v. Fidelity-Philadelphia Trust Co.*, 214 F.2d 320, 50 A.L.R.2d
5 1218 (3d Cir. 1954).

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